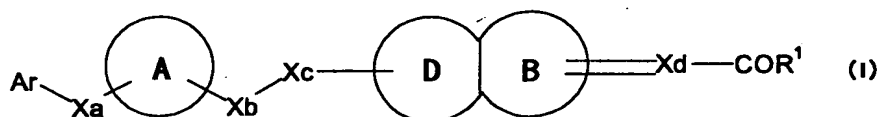
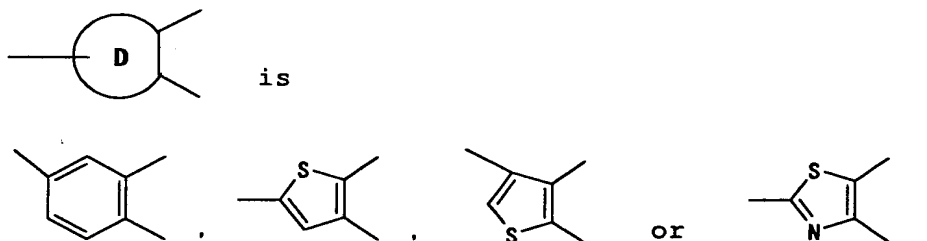


## Abstract

The present invention aims at providing a novel fused ring compound having a GPR40 receptor function modulating action and being useful as an insulin secretagogue or a pharmaceutical agent for the prophylaxis or treatment of diabetes, more particularly, a compound represented by the formula:



wherein Ar is an optionally substituted cyclic group, ring A is a ring optionally further substituted (provided that the ring is not thiazole, oxazole, imidazole and pyrazole), Xa and Xb are each independently a bond or a spacer having a main chain of 1 to 5 atom(s), Xc is O, S, SO or SO<sub>2</sub>,



ring B is a 5- to 7-membered ring,

Xd is a bond, CH or CH<sub>2</sub>,

..... is a single bond when Xd is a bond or CH<sub>2</sub>, or a double bond when Xd is CH, and

R<sup>1</sup> is an optionally substituted hydroxy group, and a salt thereof.